

Washington, D.C. 20505

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18 MAR 1982

Mr. Kenneth R. Andrews, Editor
Harvard Business Review
Boston, Massachusetts 02163

Dear Mr. Andrews:

Thank you for your letter of March 2, 1982, calling to my attention the article by John W. Kiser III, on "Tapping Eastern Bloc Technology," which is scheduled to be in your Review for March-April.

I gave Mr. Kiser's article to this Agency's analysts who are responsible for technology transfer. They found the article readable and informative.

Mr. Kiser has performed a useful service for American business by thoroughly researching the sale of licenses of Soviet and East European commercial technology, and also for pointing out that U.S. businessmen should not ignore the Eastern Bloc as a potential source of knowledge on better ways of doing things. With a few outstanding exceptions, the overall record of technology sales has been relatively dismal when compared to Western technology flows. Mr. Kiser's research shows that from the mid- to late 1960s East Bloc licensing sales amounted to only one percent of the "roughly 50,000 international licensing agreements in force. This finding hardly sparks one's confidence that a more aggressive pursuit of East Bloc contacts would have resulted in many more commercial licensing opportunities.

Certainly, U.S. capabilities for processing and manufacturing of civilian products are demonstrably superior to those in the USSR and Eastern Europe. As Mr. Kiser infers, U.S. manufacturing and marketing skills were often critical in bringing many East Bloc licenses to successful commercial application. While one obviously cannot attribute a monopoly on innovative S&T ideas to the West, the disincentives inherent in Communist economic systems have left the USSR and Eastern Europe woefully short of technologically-innovative entrepreneurs.

I appreciate your interest in my views on this interesting subject.

Sincerely,

[Redacted Signature]

B. R. VINMAN
Admiral, U.S. Navy

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